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**BChydro** **THE POWER IS YOURS**

April 19, 2001

Mr. R. Siddall  
West Kootenay Power  
PO Box 130  
Trall, B.C. V1R 4L4

Dear Mr. Siddall:

This letter is to advise you on the likely spring and summer operation for Kootenay Lake given the inflow forecasts, the potential impacts of low reservoir levels on other users of Kootenay Lake, and to propose some pro-active measures.

The March 1, 2001 snowpack readings averaged about 47% of normal in the Kootenay region, with the corresponding Kootenay lake inflow forecast near 53 % of the normal. Our studies indicate that Kootenay Lake levels would be significantly lower than normal when the reservoir is regulated in accordance with the IJC. Regulating the reservoir to comply with the IJC will require Kootenay Lake outflows in excess of the installed turbine capacity prior to and during the peak inflow period. Spilling more than is absolutely necessary in a low runoff year is unreasonable particularly when Kootenay Lake is forecast to not reach its normal refill levels, and when there is a shortage of electrical energy in the entire Western Pacific region.

We are projecting Kootenay Lake Queen's Bay elevation to peak at 1743.8 feet when Kootenay Lake is operated to the IJC during the freshet period, and that reservoir elevations measured on the Nelson Gauge will be no higher than 1743.32 feet (the four foot level at Nelson). Our studies indicate that a significant amount of the expected 650 kcfs-days of spill which is likely to occur with this operation could be saved by implementing a temporary variance to the Kootenay Lake IJC Order. How much can actually be generated, and the value of that generation as you can appreciate will depend upon conditions as they actually unfold.

We understand that the recreational and other non-power interests around Kootenay Lake have been a major consideration in determining how the reservoir is operated every year. Past experience has shown that lower reservoir levels result in significant concern and complaints. BC Hydro and WKP need to manage the operation of Kootenay Lake in a prudent manner and seek a variance from the IJC where it is justifiable. We would expect the suggested variances to the IJC Order would improve summer reservoir levels.

The present energy shortage in the Western Pacific region should provide additional impetus for BC Hydro and West Kootenay Power to not spill water that could otherwise be used for power generation this year.

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Mr. R. Siddall

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BC Hydro therefore requests West Kootenay Power to seek two variances of the 1938 Kootenay Lake IJC Order from the IJC Kootenay Lake Board of Control for the period April 1 through September 1, 2001. The first variance would be in regard to cancellation of implementation of the IJC lowering formula during the spring freshet period for this summer only. This variance should reduce the amount of spill, and allow the reservoir to rise in a controlled manner to a freshet peak elevation of 1747.8 feet as measured at the Queen's Bay gauge. The second variance would occur after the freshet peak, and would require the reservoir to be lowered to elevation 1745.32 feet as measured at the Queen's Bay gauge, rather than the normal summer level of 1743.32 feet as measured at the Nelson gauge. Thereafter the 1938 Order would apply.

You had asked about additional costs that may arise because of the changed operation of the Kootenay Lake operations this spring and summer due to the anticipated variance of the IJC Order. BC Hydro will reimburse WKP for those incremental costs that are incurred by WKP to implement the proposed variance. We would request that WKP endeavor to provide information on such expected costs before WKP incurs those costs so that BC Hydro may review options and provide suggestions to adjust operations appropriately and/or mitigate such costs.

We will be updating our projections on a regular basis and will keep you informed of revisions. Please advise if we can assist you further in this matter.

Yours truly,



Ralph D. Legge, P.Eng.  
Chair, Canadian Section, CRTOC

KJK/k

c: W.G. Joe  
K.R. Spafford